A/53/11/Add.1

United Nations

Addendum to the report of the Committee on Contributions

General Assembly

Official Records
Fifty-third Session
Supplement No. 11A (A/53/11/Add.1)

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United Nations • New York, 1999

Note

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ISSN 0251-8430

[Original: English]
[16 February 1999]

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I. Attendance

1. The special session of the Committee on Contributions was held at United Nations Headquarters from 8 to 12 February 1999. The following members were present: Iqbal Akhund, Alvaro Gurgel de Alencar, Pieter Bierma, Uldis Blukis, Sergio Chaparro Ruiz, Ekorong A. Dong Paul, David Etuket, Henry Hanson-Hall, Ihor V. Humenny, Eduardo Iglesias, Ju Kuilin, Isabelle Klais, David A. Leis, Sergei I. Mareyev, Ugo Sessi and Kazuo Watanabe. Neil H. Francis and Prakash Shah were unable to attend.

2. The Committee observed a moment of silence in honour of the late King Hussein Ibn Talal of the Hashemite Kingdom of Jordan.

3. The Committee decided to retain the bureau elected at its fifty-eighth session.

II. Terms of reference

4. The special session of the Committee was convened pursuant to General Assembly resolution 53/36 A of 30 November 1998. The Committee conducted its work on the basis of the provisions of that resolution and of General Assembly decision 53/406 B of 7 October 1998, as well as its general mandate, as contained in rule 160 of the rules of procedure of the General Assembly.

5. The Committee had before it General Assembly resolutions 53/36 A to E, the available summary records of the meetings of the Fifth Committee at the fifty-third session relating to agenda item 118, entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/53/SR.3–5, 9 and 12), verbatim records of the 32nd plenary meeting of the General Assembly (A/53/PV.32) and the relevant report of the Fifth Committee to the General Assembly (A/53/464 and Add.1).

6. General Assembly resolution 53/36 A reads as follows:

"*The General Assembly,*

"*Noting* the requests of Bosnia and Herzegovina, the Republic of the Congo and Iraq for exemption under Article 19 of the Charter of the United Nations,

"*Recalling* its decision 53/406 B of 7 October 1998, by which it decided to grant to Georgia and to Guinea-Bissau a temporary waiver under Article 19 of the Charter for a period of three months,

"*Recalling* its resolution 52/215 B of 22 December 1997,

"1. *Reaffirms* its role in accordance with the provisions of Article 19 of the Charter of the United Nations and the advisory role of the Committee on Contributions in accordance with rule 160 of the rules of procedure of the General Assembly;

"2. *Requests* the Committee to hold a special session of one week's duration as early as possible in 1999 to consider representations from Member States with respect to the application of Article 19 of the Charter and to report thereon to the General Assembly at its resumed fifty-third session pursuant to rule 160 of the rules of procedure of the General Assembly;

"3. *Invites* Member States to submit detailed information to the Committee in explanation of their requests as soon as possible so as to facilitate the work of the Committee;

"4. *Decides* to consider the report of the Committee on this matter as soon as possible after the issuance of that report."

7. General Assembly decision 53/406 B reads as follows:

"*The General Assembly*,

"*Having considered* the requests received from the Governments of Georgia and Guinea-Bissau,

"*Decides*, without prejudice to Article 19 of the Charter of the United Nations and rule 160 of the rules of procedure of the General Assembly:

"(a) To grant a temporary waiver for a period of three months, beginning on 7 October 1998, to Georgia and to Guinea-Bissau;

"(b) To request the Committee on Contributions to review the cases of Georgia and Guinea-Bissau at its next session."

III. Consideration of representations from Member States with respect to the application of Article 19 of the Charter of the United Nations pursuant to General Assembly resolution 53/36 A

8. The Committee had before it written representations from Bosnia and Herzegovina, Cambodia, the Congo, Georgia, Guinea-Bissau, Honduras, Iraq and Nicaragua. It also heard oral representations from those Member States. In addition, it received statistical and other information from the Secretariat.

A. General considerations

9. In the course of reviewing the requests for exemption under Article 19, the Committee considered a number of issues relating to its application. However, given the nature of the mandate for the special session and the limited time available, the Committee decided that more general policy considerations should be considered further during its review of the application of Article 19 at its fifty-ninth session.

10. Among those issues was the fact that many Member States, including some of those whose cases were considered during the special session, regularly paid only just enough to retain or regain their votes. Not only does such a practice not accord with the Charter obligation of Member States to pay their assessed contributions in full, on time and without conditions, it also leaves them vulnerable to the loss of their vote in the event that the minimum payment necessary to retain the right to vote is delayed owing to unforeseen circumstances.

11. The Committee decided to consider each case submitted to it on its individual merits. The Committee also emphasized that permission to vote should be recommended only when it is satisfied that the failure to pay is due to conditions beyond the control of the Member States.

12. The Committee also noted that a number of the Member States whose requests were reviewed during its special session made reference to the possibility of submitting payment schedules for their arrears in contributions to the United Nations. The Committee recalled

that, while the subject of multi-year payment plans went beyond its terms of reference, the issue had come up during its special session in 1996 (see A/50/11/Add.1, para. 12).

13. The Committee discussed the question of the date of expiration of a waiver in the context of the traditional dates for the regular session of the Committee. It intends to explore, at its fifty-ninth session, the advantages and disadvantages of setting the two dates roughly at the same time.

B. Consideration of representations made to the Committee

1. Bosnia and Herzegovina

14. The Committee had before it the text of a letter dated 9 October 1998 from the Acting President of the General Assembly addressed to the Chairman of the Fifth Committee transmitting a letter dated 8 October 1998 from the Permanent Representative of Bosnia and Herzegovina to the United Nations, as well as the text of a letter dated 2 February 1999 from the Permanent Representative of Bosnia and Herzegovina addressed to the Chairman of the Committee on Contributions.

15. In its written and oral representations, Bosnia and Herzegovina pointed to the enormous problems which it had to face in the process of national reconstruction following its protracted civil war. The economic situation facing its people was very difficult, with an unemployment rate of over 50 per cent and a need for demining and for the rebuilding of homes and physical infrastructure. Government revenue was weak at this point, the civil service had been severely reduced and payments to those civil servants who remained was in arrears.

16. Bosnia and Herzegovina also referred to the process of institution-building within the new constitutional structure agreed to under the Dayton/Paris Peace Agreement. As a result of this, the central Government did not currently have access to adequate resources. The position of the Government was still under discussion, but it was suggested that the arrears of Bosnia and Herzegovina should be written down or paid over a more extended period of time. One possibility, in this connection, could be an agreed payment plan for its arrears over a number of years, during which time it would be permitted to vote in the General Assembly.

17. Information provided by the Secretariat confirmed the delicate situation in Bosnia and Herzegovina. Government structures under the new constitution were still in the formative stage, as was the relationship between the different layers of government, including on the issue of public finance.

18. The Committee expressed its sympathy for the problems facing the people of Bosnia and Herzegovina. At the same time, it noted that the Government's proposals were still at a formative stage. While understanding the transitional problems facing the new government structures, a number of members expressed some doubt as to what extent the failure of Bosnia and Herzegovina to pay the minimum amount necessary to retain its vote in the General Assembly could really be deemed to be beyond its control.

19. The Committee nevertheless determined that, under the current circumstances, the failure of Bosnia and Herzegovina to pay the amount necessary to avoid the application of Article 19 was due to conditions beyond its control and recommends that it be permitted to vote in the General Assembly until 30 June 1999.

2. Cambodia

20. The Committee had before it the text of a letter dated 22 January 1999 from the Acting President of the General Assembly addressed to the Chairman of the Committee on Contributions transmitting a letter dated 22 January 1999 from the Permanent Representative of Cambodia to the United Nations.

21. In its written and oral representations, Cambodia recalled the severe damage caused by many years of war. It faced an enormous task of national reconstruction, which it had launched with the assistance of the international community, including the United Nations through the United Nations Transitional Authority in Cambodia and other post-conflict assistance.

22. It also referred to the loss of its seat at the United Nations following the unfortunate violent events of July 1997 which lasted until December 1998. Following the national elections in July 1998 and the establishment of a democratic coalition Government, it had to provide for resettlement of returning refugees and other post-conflict costs in addition to continuing efforts for rehabilitation, including demining. These heavy demands were exacerbated by the impact of El Niño on agricultural production and by the indirect effects of the Asian economic crisis. This in turn has had a negative impact on government revenues.

23. Cambodia remained committed to meeting its obligations to the United Nations but, owing to the factors described, is unable to do so immediately. It expected to do so by June 1999.

24. Information provided by the Secretariat emphasized the continuing dependence of Cambodia on foreign assistance and pointed to the need for significant spending on post-conflict activities such as demining and military demobilization.

25. The Committee expressed its sympathy for the problems faced by Cambodia and noted the encouraging political developments in the country, as well as signs of some economic improvement. The Committee also took note of Cambodia's intention to make the necessary payments to the United Nations by June 1999.

26. The Committee concluded that Cambodia's current failure to pay the necessary amount to avoid the application of Article 19 was due to conditions beyond its control. Accordingly, it recommends that Cambodia be permitted to vote in the General Assembly until 30 June 1999.

3. Republic of the Congo

27. The Committee had before it the text of a letter dated 14 October 1998 from the Acting President of the General Assembly addressed to the Chairman of the Fifth Committee transmitting a letter dated 12 October 1998 from the Chargé d'affaires a.i. of the Permanent Mission of the Congo to the United Nations, as well as the text of a letter dated 2 February 1999 from the First Counsellor of the Permanent Mission of the Congo to the United Nations addressed to the Chairman of the Committee on Contributions.

28. In its written and oral representations, the Congo recalled the devastation caused to the country by the civil war of 1997. This had led to the displacement of about one third of the population and widespread destruction of housing, infrastructure and productive capacity. Total damage was estimated at 37 per cent of the gross national product for 1997.

29. Reconstruction had been hampered by the reduction in government revenues and the high level of foreign indebtedness. In this context, the Government had signed a post-conflict programme with the World Bank and the International Monetary Fund.

30. Efforts at improvement had been undermined, however, by a resurgence of violence from militias supporting exiled opposition leaders. While the Congo would have wished to meet its obligations to the United Nations, under the current situation this was not possible.

31. Information provided by the Secretariat confirmed that the militia war that the country had suffered had inflicted serious damage on the population and led to great economic hardship. The renewal of fighting was clearly hampering seriously its reconstruction efforts.

32. The Committee expressed its sympathy for the situation of the Congolese people. The information provided indicated that earlier hopes for a cessation of violence were premature and that the efforts being made for national rehabilitation and reconstruction could therefore be seriously delayed. It seemed unlikely, therefore, that the Government would be in a position to meet its international obligations in the near future.

33. The Committee concluded that the failure of the Congo to pay the necessary amount to avoid the application of Article 19 was due to conditions beyond its control and recommends that the Congo be permitted to vote in the General Assembly until 30 June 2000.

4. Georgia

34. The Committee had before it the text of a letter dated 6 October 1998 from the President of the General Assembly addressed to the Chairman of the Fifth Committee transmitting a letter dated 2 October 1998 from the Permanent Representative of Georgia to the United Nations, as well as the text of a letter dated 9 February 1999 from the Permanent Representative of Georgia to the United Nations addressed to the Chairman of the Committee on Contributions transmitting a letter dated 9 February 1999 from the Minister for Foreign Affairs of Georgia addressed to the Chairman of the Committee.

35. In its written and oral representations, Georgia recalled that a significant part of its national territory was not under its control and informed the Committee that recent hostilities with the separatist forces in Abkhazia had led to the displacement of about 300,000 people, putting a heavy burden on the economy and the Government's budget.

36. This had been exacerbated by the effects of the Russian economic crisis, since the Russian Federation was a major trading partner. In addition, the country suffered a serious drought, with a major impact on the important agricultural sector, in which over half the population is employed.

37. Georgia reaffirmed its commitment to meeting its obligations to the United Nations, but the problems with which it was currently having to cope made this impossible in the short run. It nevertheless intended to pay the amount of its 1999 assessment for the regular budget by April 1999 and to submit a schedule of payments to cover its remaining assessed contributions shortly. In the meantime, however, it requested exemption under Article 19.

38. Information provided by the Secretariat confirmed the nature and scale of the problems facing Georgia, where the United Nations maintains an observer mission.

39. The Committee expressed its sympathy for the problems facing the people of Georgia. It noted Georgia's commitment to meeting its obligations to the United Nations and to making a payment in April 1999. It also noted Georgia's intention to submit a schedule of further payments shortly.

40. The Committee determined that, at present, the failure of Georgia to pay the amount necessary to avoid the application of Article 19 is due to conditions beyond its control. It recommends that Georgia be permitted to vote in the General Assembly until 30 June 1999.

5. Guinea-Bissau

41. The Committee had before it the text of a letter dated 6 October 1998 from the President of the General Assembly addressed to the Chairman of the Fifth Committee transmitting a letter dated 5 September 1998 from the Permanent Representative of Guinea-Bissau to the United Nations.

42. In its written and oral representations, Guinea-Bissau referred to the armed conflict that had broken out in its territory during 1998. The country was totally paralysed and the Government had been unable to meet its obligations, including those to its civil servants.

43. A truce was signed recently and there was some hope of a permanent settlement with the assistance of regional institutions. Before the conflict began, an agreement had been reached with the World Bank and the International Monetary Fund, but this could not proceed until a solution had been found to the current situation. A government of national unity was recently formed.

44. While Guinea-Bissau remained committed to meeting its obligations in the long run, political institutions had to be restored before normalization could proceed. In the meantime, the limited resources available had to be applied to the urgent needs of the country.

45. Information provided by the Secretariat confirmed the difficult political and military situation faced by Guinea-Bissau, despite efforts towards a political solution.

46. The Committee noted with concern the continuing conflict in Guinea-Bissau and expressed sympathy for its people. The Committee noted the institutional crisis faced by the country, as well as the difficulties currently faced in reaching a political solution. Such a solution could only be the beginning of the reconstruction and rehabilitation of the country, which would clearly require assistance in the task.

47. Some members noted that Guinea-Bissau was one of the countries referred to in section A above, that is, in recent years, it has followed a practice of paying at or close to the minimum amount necessary to retain or regain its vote. Other members, disagreeing with that view, were of the opinion that, given the scale of its problems, its ability to meet its obligations would have been in any event severely impaired, regardless of the previous pattern of its payments. The view was also expressed that, because of the conflict during the past two years, Guinea-Bissau would not be in a position to honour its financial obligations to the United Nations, even if it had been current in its payments up to that point.

48. The Committee concluded that the failure of Guinea-Bissau to pay the minimum amount necessary at this point was due to conditions beyond its control. It recommends that Guinea-Bissau be permitted to vote in the General Assembly until 30 June 2000.

6. Honduras

49. The Committee had before it the text of a letter dated 12 January 1999 from the Acting President of the General Assembly addressed to the Chairman of the Committee on Contributions transmitting a letter dated 5 January 1999 from the Permanent Representative of Honduras to the United Nations.

50. In its written and oral representations, Honduras described the catastrophic impact of hurricane Mitch, the consequences of which were particularly severe in its case, with over 6,000 people dead and 200,000 rendered homeless. There was enormous damage to basic infrastructure, with about 40 per cent of roads and bridges destroyed. The storm had also greatly reduced productive capacity and it was likely to take up to five years to restore production of the major agricultural crops. The total damage suffered was estimated at about 90 per cent of the recent annual gross national product.

51. Meeting the immediate needs of the population and beginning the enormous task of national rehabilitation and reconstruction must be the priority for the Government's limited resources. In this context, progress had been made in negotiating a moratorium on payments on the country's external debt and a debt reduction agreement was anticipated. Honduras would also have to depend on foreign assistance to cover its budgetary requirements, since it expected a loss of about 40 per cent in government revenue as a result of hurricane Mitch.

52. Honduras placed high priority on meeting its obligations to the United Nations. It might be able to make the minimum payment to regain its vote by the end of the year.

53. Information provided by the Secretariat confirmed the scope of the disaster suffered by Honduras as a result of hurricane Mitch.

54. The Committee expressed its sympathy for the suffering of the Honduran people as a result of hurricane Mitch. It also recognized the enormous scale of the tragedy and that such natural disasters cannot be predicted or controlled.

55. Some members noted that Honduras was one of the countries referred to in section A above, that is, in recent years, it has followed a practice of paying at or close to the minimum amount necessary to retain or regain its vote. Other members, disagreeing with that view, were of the opinion that, given the magnitude of the damage caused by hurricane Mitch, the ability of Honduras to meet its obligations would have been in any event severely impaired, regardless of the previous pattern of its payments. Another view was that, in the case of a natural disaster occurring in a country that pays in full and on time, that country, unlike Honduras, would have at least two years after the disaster during which it could retain the right to vote in the General Assembly without paying any contributions to the United Nations. Other members felt that this was totally irrelevant to the consideration of the request before the Committee for a waiver of Article 19.

56. The Committee concluded that the failure of Honduras to pay the amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It recommends that Honduras be permitted to vote in the General Assembly until 30 June 2000.

57. One member of the Committee expressed reservations about this decision and pointed to the fact that payment of previous years' assessments in full and on time would have avoided the application of Article 19 to Honduras for at least two years. In that sense, the conditions were not beyond its control. Information provided indicated that damage from the storm had been exacerbated by ecological policies in the country. In addition, hurricane Mitch struck in October 1998, thus not wiping out the economic performance of the entire year, with creditors' waivers of repayments adding to the alleviation of the situation. Furthermore, the country's reserves show a remarkable increase in 1997, which should enable it to meet its obligations.

7. Iraq

58. The Committee had before it the text of a letter dated 22 October 1998 from the President of the General Assembly addressed to the Chairman of the Fifth Committee transmitting a letter dated 19 October 1998 from the Permanent Representative of Iraq to the United Nations, as well as the text of a letter dated 1 February 1999 from the Chargé d'affaires a.i. of the Permanent Mission of Iraq to the United Nations addressed to the Chairman of the Committee on Contributions.

59. In its written and oral representations, Iraq recalled Security Council resolution 661 (1990), which had subjected Iraq to comprehensive sanctions and frozen Iraq's external assets. Although the Council had subsequently authorized exceptions under the oil-for-food programme and for payment in kind of loans from Jordan, no similar provisions were made

for contributions to the United Nations and, having relocated most of its activities away from Iraq, the United Nations has refused to accept contributions in Iraqi dinars on the grounds that it has no activities on which disbursement can be made inside Iraq in Iraqi currency. Iraq, therefore, had no effective means of paying its outstanding assessments.

60. Iraq further recalled that it was one of the founding Members of the United Nations and had always had a good record of meeting its obligations to the Organization and it fully intends to do so in future, despite the economic difficulties facing its people. However, the continuation of sanctions, despite Iraq's compliance with Security Council resolutions, made this impossible for the time being. This situation was beyond its control and it therefore requested an exemption under Article 19.

61. Information was provided by the Secretariat concerning the situation and recent developments in Iraq and the role of the Security Council in this.

62. Some members indicated strong reservations about whether Iraq's failure to pay was in fact beyond its control. Others noted the hardships facing the Iraqi people and the impact that this would in any case have on its ability to pay its assessed contributions to the United Nations.

63. The Committee noted the political aspects of the issues raised in the context of this request and concluded that they went beyond its technical advisory role to the General Assembly.

64. In addition, there was some discussion of whether the outstanding assessments of Iraq could be met from the sale of Iraqi oil, as was the case with the Compensation Commission and the oil-for-food programme. Some members felt that it would be worth exploring this possibility. The Committee was informed that the Secretariat did not currently have requirements for Iraqi currency. It was suggested, however, that this matter should also be kept under review.

8. Nicaragua

65. The Committee had before it the text of a letter dated 22 January 1999 from the Acting President of the General Assembly addressed to the Chairman of the Committee on Contributions transmitting a letter dated 19 January 1999 from the Chargé d'affaires a.i. of the Permanent Mission of Nicaragua to the United Nations.

66. In its written and oral representations, Nicaragua referred to the devastating impact of hurricane Mitch in October 1998 on its economy and its physical and social infrastructure. The storm had killed thousands of people and destroyed homes, roads, bridges, power plants, schools and health centres. It had also caused serious losses of agricultural production of food and cash crops.

67. The enormous task of rehabilitation and reconstruction had been recognized by the international community, *inter alia*, in General Assembly resolution 53/1 C of 2 November 1998, in which the Assembly had called for speedy support to the relief, rehabilitation and assistance effort for the countries affected. Nicaragua, which is one of the poorest countries in the region, was also pursuing efforts to agree to a reduction of its external debt with creditors, including the Paris Club.

68. The impact of the storm is such that no national budget had been adopted and the Government was giving the highest priority to the reconstruction of basic infrastructure and to programmes to assist the population with food, housing, health and the rehabilitation of crop production. As a result, although it hoped to make some payment to the United Nations soon and intended to make provision in next year's budget, the Government was currently unable to pay the minimum amount necessary to regain its vote in the General Assembly.

69. Information provided by the Secretariat confirmed the extreme nature of the damage suffered by Nicaragua as a result of hurricane Mitch. It also pointed to the poverty of the country and its vulnerability to the effects of such a natural disaster.

70. The Committee expressed its sympathy for the plight of the Nicaraguan people. It also recognized the scale of the devastation caused by hurricane Mitch and that such natural disasters cannot be predicted or controlled.

71. Some members noted that Nicaragua was one of the countries referred to in section A above, that is, in recent years, it has followed a practice of paying at or close to the minimum amount necessary to retain or regain its vote. Other members, disagreeing with that view, were of the opinion that, given the magnitude of the damage caused by hurricane Mitch, Nicaragua's ability to meet its obligations would have been in any event severely impaired, regardless of the previous pattern of its payments. Another view was that, in the case of a natural disaster occurring in a country that pays in full and on time, that country, unlike Nicaragua, would have at least two years after the disaster during which it could retain the right to vote in the General Assembly without paying any contributions to the United Nations. Other members felt that this was totally irrelevant to the consideration of the request before the Committee for a waiver of Article 19.

72. The Committee concluded that the failure of Nicaragua to pay the amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It recommends that Nicaragua be permitted to vote in the General Assembly until 30 June 2000.

73. One member of the Committee expressed reservations about this decision and pointed to the fact that payment of previous years' assessments in full and on time would have avoided the application of Article 19 to Nicaragua for at least two years. In that sense, the conditions were not beyond its control. Information provided indicated that damage from the storm had been exacerbated by ecological policies in the country. In addition, hurricane Mitch struck in October 1998, thus not wiping out the economic performance of the entire year, with creditors' waivers of repayments adding to the alleviation of the situation. Furthermore, the country's reserves show a remarkable increase in 1997, which should enable it to meet its obligations.

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